

Briefs

Specialty Crops**Increased Fall Potato Acreage Expected**

Key factors such as significantly higher grower prices and relatively low stocks on hand this spring point to an increase in potato acreage for fall harvest this year. However, several other factors such as uncertain processor demand, potential for increased Canadian production/competition, and acreage intentions for several alternative crops put the extent of the increase in potato acreage in question. Based on overall market conditions, planted acreage is forecast to increase by 4 to 7 percent.

Last fall, U.S. growers harvested 401 million hundredweight (cwt) of potatoes, 14 percent below the record crop of the fall of 2000. This large decline in production, the combination of decreased acreage and lower yields, has pushed stocks of fresh potatoes well below previous year levels throughout the marketing season. On March 1, 2002, fresh stocks were 15 percent below year-previous levels and 1 percent below 2000. Adding pressure to the reduced supply situation are the effects of a significant drop in Canadian production last fall (down 12 percent from the previous year to 89 million cwt), which put Canadian stocks down 19 percent from a year earlier on March 1.

The smaller supply of potatoes in North America has subsequently led to higher prices for U.S. growers this marketing season. Monthly grower prices for all potatoes have averaged 38 percent higher than a year ago for the September through February period. This is due largely to significantly higher prices for fresh-market potatoes, which are up 117 percent from prior year levels (September through January). About 30 percent of potato sales are for fresh-market use. Prices for processing potatoes are also up, but only slightly (5 percent for September through January) as they are held in check by contracts between growers and processors that are made prior to the growing season.

As a result of lower production and higher prices, use of potatoes by processors this

season is down 13 percent from a year ago, and is at the lowest level since the 1993/94 marketing year. However, despite producing fewer frozen potato products, processors have managed to keep frozen stocks near previous level into early spring. At the beginning of March, stocks of all frozen potato products were 1 percent above a year ago—stocks of fries were up 3 percent while all other frozen potato products were down 7 percent.

Significantly lower usage by processors combined with smaller changes in frozen stocks is probably a reflection of somewhat lower demand for frozen potato products in the last 4 months of 2001, the result of a slowed general economy and lower foodservice demand. U.S. exports of frozen french fries also showed signs of reduced output and demand during the September to December 2001 period, as they were off 8 percent compared to the same period in 2000. As the remainder of the marketing season continues, however, foodservice demand for processed potato products may increase as the economy recovers. With supplies of raw potatoes even tighter in Canada than in the U.S., processors may increase open market purchases of U.S. potatoes this spring and summer.

The uncertainty in the processing sector this year has continued into the time for drawing up new contracts between growers and processors this spring. Contract negotiations have been slow to develop in every growing region in North America

this year (as of the beginning of April, only growers in Washington state had signed contracts with frozen processors) and many growers are delaying plantings until contracts are in hand. What effect this will have on overall plantings this spring is hard to tell, but if several areas get off to a later start than usual it could mean early season harvest (late July through mid-September) will be atypically small. With current supplies of potatoes likely to run out earlier than usual, a late start to this fall's harvest could create a supply gap in late summer and early fall.

In addition to stalled contract negotiations, potential competition for acreage by alternative crops in several regions is possibly cutting into the size of the expected acreage expansion this year. The crop with the most potential impact on potatoes this year seems to be dry beans. Prospective planted area of dry beans in the U.S. is expected to be up 24 percent this year, with 17, 36, and 43 percent increases anticipated in major potato-producing states of Colorado, North Dakota, and Minnesota respectively. Also, increases in sugar beet acreage, up 3 percent nationally (up 7 percent in Idaho and 15 percent in Colorado), could limit the increase in potatoes in certain areas. However, the overall acreage impacts these crops have on potatoes may not be significant.

At least one significant potato-growing region is going to have a large increase in potato acres this year compared to last. The Klamath Basin of Oregon and California, which was prevented from producing at full capacity last year due to water supply issues, will be back in business and alone should add 1 percent to the U.S. fall acreage total. Last year the region realized an 80 percent drop in acreage due to drought and the Federal shut down of irrigation water to protect endangered fish. On February 27, the Fed-

The U.S. fall potato crop accounts for about 90 percent of total U.S. annual production (all growing seasons combined). Harvest usually starts in September or October depending on the growing region and weather conditions, and is completed by October or November. The marketing season for fall potatoes is September through August of the following year, with most spuds sold from storage during October through July. In recent years, Western states have accounted for about 69 percent of the U.S. fall crop, Central states about 25 percent, and Eastern states about 6 percent. Idaho and Washington together account for about 55 percent of the U.S. fall crop, and the crops in each of these states individually is typically larger than the entire Canadian crop.

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eral Bureau of Reclamation announced that the region will have irrigation water access and early snow pack estimates indicate an adequate supply. Most of the 10-15,000 acres of potatoes that were not planted last year are expected to return to production this fall.

Based on these overall market conditions, total U.S. potato acreage planted for fall harvest is expected to increase 40-80,000

acres from a year ago. Excellent prices and relatively low stocks of potatoes from the previous fall crop are likely to drive the increase, although mitigated somewhat by various other factors. If realized, acreage increases in the forecast range combined with average acreage abandonment and yields would put fall production between 419-431 million cwt (up 5-8 percent from fall 2001). Increased acreage with yields similar to record levels

achieved in 2000 could put fall production up 10-14 percent from a year ago (between 444 and 457 million cwt). USDA's first official estimate of planted acreage for fall potatoes will be released in July, and should provide a clearer indication of production and prices in the coming year. **AO**

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